

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

Sunsuper

SS41QW: What percentage of the return on investment from your unlisted assets can be attributed to revaluations due to falling interest rates, and capital asset pricing model market yields used as the discount rate in discounted cash flow based valuations?

Answer:

It is not possible to finitely determine the separate, causative impact of falling interest rates and discount rate compression given that valuations can move up or down for multiple reasons, including but not limited to:

- market pricing of similar assets;
- economic drivers (GDP, inflation, population / migration assumptions etc);
- business case assumptions;
- risk profile of the assets changing over time; and
- changes in the capital structure of assets.